



INDIANA COMMISSION *for* HIGHER EDUCATION

HEA 1348 Implementation Guidance July 31, 2015

House Enrolled Act 1348-2013 ("HEA 1348") updated several eligibility requirements for the Higher Education Award under IC 21-12-13, the Freedom of Choice Award under IC 21-12-4, the 21st Century Scholarship under IC 21-12-6 and the Adult Student Grant Program, formerly the Part-Time Student Grant, under IC 21-12-8. These changes took effect for students who are new state financial aid recipients after July 1, 2013. Students who received state financial aid prior to July 1, 2013 are not subject to the changes.

The former Division of Student Financial Aid provided many communications on how to interpret and administer HEA 1348. This guidance is a synthesis of those various documents and policies, which will continue in effect for the 2015-2016 academic year.

GLOSSARY OF TERMS

30/60/90: A shorthand way of describing the credit completion requirement for an on-time Frank O'Bannon or 21st Century Scholar Award. The shorthand refers to earning 30/60/90 credit hours or their equivalent.

24/48/72: A shorthand way of describing the credit completion requirement for a full-time Frank O'Bannon Award. The shorthand refers to earning 24/48/72 credit hours or their equivalent.

39/78: A shorthand way of describing the completion requirement for an Accelerated Schedule Award. The shorthand refers to earning 39/78 or their equivalent.

Academic Honors: Refers to students who, in the student's first year of state financial aid, graduated from high school with an academic honors or technical honors diploma or, after the student's first year of state financial aid, maintained a cumulative grade point average of 3.0 on a 4.0 grading scale or its equivalent.

Accelerated Schedule: Refers to students successfully completing:

- at least 39 credit hours or the equivalent by the end of the student's first academic year; or
- at least 78 credit hours or the equivalent by the end of the student's second academic year
- NOTE: this is based on date of student's first college class after high school graduation; not date of first award

Annual Awards: Awards based on a 12-month calendar, starting with the beginning of the payment period for their first award disbursement, that allow students to have more flexibility in using their state financial aid year-round, taking advantage of lower summer tuition and allowing them to supplement their Pell dollars.

Break in Enrollment: Refers to when the credit hour clock pauses for 21st Century Scholars and full-time Frank O'Bannon recipients. A Student must not be enrolled in postsecondary to have a break. A break cannot start until a student's annual award year has ended.



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Credit Hour Clock: The point at which students must start meeting credit completion requirements. For on-time awards the clock starts the moment the student initially enrolls. The clock does not stop for on-time awards. For full-time and 21st Century Scholar awards, the clock starts from when the student first receives state aid. The clock pauses for full-time and 21st awards when the student has a break in enrollment.

Full-Time Awards: State financial aid awards for students who complete at least 24/48/72 but less than 30/60/90. These awards will be smaller (in dollars) than on-time awards and are intended to assist students for up to four years of college, even though the student is not on pace to complete an associate degree in two years or a bachelor's degree in four years.

Grandfathered Students: Students who received their first Frank O'Bannon Grant, 21st Century Scholarship Award, or Part-Time Grant Award prior to July 1, 2013 are not required to meet credit completion requirements. These students are referred to as grandfathered. Grandfathered students will receive the O'Bannon Award at the on-time rate as long as they are eligible to receive the O'Bannon Award. Grandfathered 21st Century Scholars do not need to meet 30/60/90 and will receive their 21st award as long as they remain eligible to receive the award. A grandfathered student's eligibility will end when the student has used their 4 years of eligibility or 8 years have passed since their initial state award. Starting the fall semester of 2021, no grandfathered students will remain.

Initial Enrollment Start Date: Refers to when a student first enrolls for college credit after high school.

On-Time Awards: State financial aid awards for students who meet the 30/60/90 requirement. These awards will be larger (in dollars) than "full-time" awards. On-time awards are intended for students who are on pace to complete an associate degree in two years or a bachelor's degree in four years.

Performance Incentives: Financial incentives offered to students for receiving an honors diplomas, meeting certain GPA thresholds, earning an associate degree before entering a baccalaureate program or earning additional credit hours during certain academic years.

Successfully completed: If a student takes a course and earns a D- or higher, it is considered successfully completed and counts towards credit completion, even if the course does not count toward his or her degree. However, if a student retakes a successfully completed course and fails, the student runs the risk of the course no longer counting towards credit completion. If the student's institution supersedes the original passing grade with the subsequent failing grade, the student cannot count the course towards credit completion.

DESCRIPTION OF CHANGES TO AWARDS

21st Century Scholarship

IC 21-12-6-7 requires students receiving the 21st Century Scholars Award to successfully complete at least 30/60/90. Students who do not may still receive a Higher Education Award or a Freedom of Choice Award if they are otherwise eligible for those programs. Students who lose eligibility in Scholars program because they have not met the credit completion requirements may regain eligibility for the Scholars program by completing the



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number of cumulative credits required to meet 30/60/90 before their next academic year. Grandfathered students are not subject to credit completion requirements.

Frank O'Bannon Grant

IC 21-12-3-9 and IC 21-12-4-3 require students receiving the Higher Education Award or the Freedom of Choice Award to successfully complete at least 24/48/72 to renew their state financial aid awards. Students earning at least 30/60/90 will receive a higher (dollars) award than students completing at least 24/48/72 but less than 30/60/90. The larger awards based on reaching 30/60/90 credit hours are known as on-time awards. The awards based on the 24/48/72 schedule are known as full-time awards. The credit hour clock for on-time awards starts when the student begins their first college class after high school. The credit hour clock for full-time awards begins when the student receives their first state award.

Further, students are able to earn performance incentives for receiving an honors diploma, meeting certain GPA thresholds, earning an associate degree before entering a baccalaureate program or earning additional credit hours during certain academic years. Grandfathered students are not subject to credit completion requirements or GPA requirements for the Academic/Technical Honor diploma incentive.

- To receive the *academic honors incentive*, a first year award recipient must have graduated high school with an academic or technical honors diploma. To renew, the student must have earned a cumulative 3.0 at the end of the previous award year.
- To earn the *associate degree incentive*, a recipient must earn an associate degree before enrolling in a baccalaureate program. This award can be renewed every year the student receives a Frank O'Bannon award.
- To earn the *accelerated schedule incentive*, a recipient must be in their second or third academic year and earned 39 credit hours by the end of their first academic year or 78 credit hours by the end of their second year. The clock for the accelerated schedule is the same as the on-time award.

Adult Student Grant (Formerly Part Time Grant)

IC 21-12-8-5 requires students receiving the adult student award to complete at least 18 credits hours or the equivalent per year to renew their adult student award. IC 21-12-8-3 requires students to enroll in at least six credit hours. IC 21-12-8-3 requires the Commission to reduce a student's part-time award if the student is eligible to receive tuition reimbursement from an employer or another outside source. For example, if a student is eligible to receive 10 percent tuition reimbursement from an employer or another outside source, the Commission will reduce the adult student award by 10 percent from the amount the student would otherwise receive.

2015 legislation changed the way students may receive an additional amount. A students may receive an additional amount not to exceed \$500 in a student's final semester if they are graduating with a degree aligned to priority economic sectors as identified by the Department of Workforce Development. The Commission will annually provide a list of degrees programs which qualify. The Commission will rely on the institution's determination of when students are one semester from graduation. Students will only be permitted to claim the award one time. Students who received funding in AY 14-15 for the high demand, high wage component are *not* considered to have received the bonus authorized under the new legislation.



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GPA and SAP

Students are subject to the grade point average (GPA) policy set by IC 21-12-6-7, IC 21-12-3-9 and IC 21-12-8-5. Students receiving the 21st Century Scholarship, the Frank O'Bannon Grant and the Adult Student Grant must meet satisfactory academic progress (SAP) as defined by the institution the student is attending. Students are no longer subject to a tiered GPA requirement.

HOW TO ADMINISTER THE NEW LAW

Who is subject to the new law?

Students who first receive state financial aid under the Higher Education Award, the Freedom of Choice Award, the 21st Century Scholarship and the Adult Student Grant (previously the Part-Time Grant) after June 30, 2013 are subject to the changes in the law. If a student attended an institution (CHE-eligible or not) prior to AY 2013-14 but did not receive state financial aid, the student would be required to meet the credit completion requirements if they first use state financial aid after June 30, 2013.

Students who received state financial aid prior to July 1, 2013 will not be held to the credit completion requirements. Students who received the Part-Time Grant prior to July 1, 2013 are not required to meet the credit completion requirements even if they receive full-time (rather than part-time) state aid for the first time after July 1, 2013. If a student received state financial aid prior to July 1, 2013, took one or more semesters off but returns at some point after July 1, 2013, the student will be grandfathered.

Grandfathered students have no credit completion or GPA requirements and receive the on-time award regardless of their course-completion. Academic Honors incentives will also be larger for grandfathered students until Academic Year 2016-2017. After that time, Academic Honors incentives for grandfathered students will be the same as all other students.

What coursework counts toward credit completion (30/60/90, 24/48/72, etc.)?

- Courses the student passes for credit are considered successfully completed and therefore count toward credit completion.
- Courses are considered successfully completed even if the student has to take the course again to earn a higher grade as a requirement of his or her degree.
- Credits from subsequent attempts of the same course will only count toward a student's credit completion requirement once.
- Students must complete the class within 12 months for the class to be counted as successfully completed for that year.
- "Incomplete" classes will not count until a grade has been issued.
- If a student completes AP or dual credits in high school, those credits can count toward the credit completion requirements for determining state financial aid.



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How do transfer hours work?

For credit completion purposes, the institution should report all completed hours the institution is aware of to the Commission. Students claiming they earned more credits than their institution reports may contest the institution's reported hours through the CHE appeals process.

How does remedial credit work?

Remedial credits will count toward the completion requirements with the following conditions: the remedial credits must be earned during the student's first academic year and the number of remedial credits that will be counted toward the credit completion requirements will be limited to twelve.

What are the credit completion requirements at quarter hour schools?

At quarter hour schools, the 30/60/90 requirement is equal to 45/90/135. The 24/48/72 requirement is equal to 36/72/108. For the accelerated schedule performance incentive, 59/117 meets the 39/78 requirement.

What is the timeframe for meeting credit completion requirements (30/60/90, 24/48/72, etc.)?

Students have a full 12 months to complete the required coursework. Students are offered an annual award that corresponds with the 12 months in which they must complete the credits.

How does summer flexibility work?

Students have the flexibility to use aid for summer enrollment. The law states an institution, in consultation with the student, may defer up to 50 percent of the annual award for use in summer. Unlike fall and spring terms, students do not need to attend full-time to use aid during the summer. Further, when the spring or summer term is the first term in a student's award year, the students may claim up to their full award during the summer semester. If a student chooses to claim their full summer eligibility, the student may have a reduced or no remaining amount to use in their third term.

How do I calculate a Frank O'Bannon Grant?

Every eligible student will receive the on-time award plus any incentives the student is eligible for the first year. For subsequent award years, the student's award will be determined by the student's cumulative record at the end of the prior year. If the student did not receive an award their first year, their on-time credit completion clock has started, but their full-time credit completion clock does not start until receipt of their first state award.

Who will receive an annual award?

All eligible students who file a FAFSA by the March 10 deadline and have a clean, edit-free state financial aid account by May 15 will receive an annual award offer. This award offer will be valid for 12 months starting with the term in which the first Annual Award is claimed. If a student defers enrollment from the traditional fall term start and first claims the award in the spring, the student's 12 month award cycle will run spring, summer and fall. If a student first claims an award during the summer term, the student's 12 month award cycle will run summer, fall, spring. The student will remain eligible for the 12 month period even if the award cycle crosses FAFSA years and the student fails to file the trailing award year FAFSA.



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How do I claim annual awards?

Institutions can claim annual awards student-by-student using CHE's xGrads database or claim awards for multiple students at one time using a "reconciliation file" (RECN).

To claim via xGrads

Users navigate to 'Grants-Reconcile'. The student's total annual award amount is listed in the "state aid account total amount" field. The amount available to reconcile (up to 50% for initial reconciliation), remaining account balance and account expiration date will all be listed. Under these fields the student base and initiative award amount are listed.

To reconcile the award the user must enter the amount they wish to claim in the "reconcile amount" field. They must also provide the start date of the term in which they are claiming the students first award to be applied to; this data must be entered in the "account start date" field. The award is active for a 12-month period from date entered in the "account start date" field.

To claim via reconciliation file

Users download their institutions' student data (.dat) file from xGrads. Data in the file, which is provided weekly, can be converted into a tab delimited file format for use in CHE's reconciliation file template. Alternatively the data file can be processed using institutions' third-party financial aid processing systems.

In the reconciliation file template, schools can enter the amount to be reconciled in the "student's state aid account new claim amount" field. The start date of the term in which aid is being claimed to apply to a student must be entered in the "account use term start date" field. The 'Action' field, located in the first field of a student's record, must be changed from the default 'I' to 'U' to indicate that information in the record is being updated and should be processed. Once the user has completed entering award amount and start date information, they must save the file back to CHE processing format and the upload it to CHE via xGrads. More details about the CHE file downloading, conversion, updating and uploading process can be found in the Information Files section of xGrads under section E, SFA Converter. The document for review is titled "Converter Tutorial.doc".

What data must I submit to the Commission to comply with the new law?

House Enrolled Act (HEA) 1348-2013 requires all title IV schools (public, private, proprietary) receiving state aid to submit the following data elements for 2013-2014 first time aid recipients and after through the xGrads system:

- Accelerated Schedule
- Cumulative GPA
- Cumulative Credit Hours Earned (Academic Career)
- Cumulative Local Credit Hours Earned
- Cumulative Other Hours Earned (AP/test credit)
- Cumulative Transfer Credit Hours Accepted
- Initial Enrollment Start Date*
- Local Credit Hours Earned Since Last Submission



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- Satisfactory Academic Progress (SAP)
- Student at this Institution
- Student Date of Birth
- Student First Name
- Student Middle Name
- Student Last Name
- Student SSN
- Term

Initial enrollment start date refers to when a student first enrolls for college credit after high school. Institutions should report the earliest post-secondary enrollment date they are aware of excluding dual credit enrollment. If the initial enrollment start date is already populated, institution should not change this date unless they are aware of an earlier post-secondary enrollment date than what appears.

What about special circumstances?

IC 21-12-6-7 and IC 21-12-3-9 jointly set forth an appeals process for students unable to meet the renewal requirements for 21st Century Scholars and the Frank O'Bannon Grant programs. The Commission will determine if extenuating circumstances existed that prevented the student from meeting the completion requirements. Extenuating circumstances may include, but are not limited to, one or more of the following: death of an immediate family member (defined as a student's spouse, child, parent, step-parent, grandparent or sibling); serious illness of the student or an immediate family member; active duty military service by the student; a natural disaster impacting the student or an immediate family member. Appeals must include documentation of extenuating circumstances to be evaluated. If some credit hours are not included in any institution submission, such as out of state credits earned, the student may file an appeal with the Commission of Higher Education. Appeals must include documentation (e.g. student transcripts).

The appeals process is also available to students with disabilities who do not meet completion requirements as a result of the disability. Existence of a disability by itself does not guarantee an appeal will be approved. These appeals will be considered on a case-by-case basis. Note that students who do not *enroll in* 12 credits are ineligible for Frank O'Bannon Grant and 21st Century Scholars awards; the appeals process will not consider appeals aimed at allowing a student to enroll in fewer credit hours and still receive full-time funding. More information on appeals is available at <http://in.gov/sfa/2565.htm>.

FREQUENTLY ASKED QUESTIONS

Can a student opt out of the 21st Century Scholars Program?

Students can opt out and may return to the program the following academic year. Students who choose to opt out must still meet the program's credit completion requirements if they wish to return to the program. The Commission must be notified if a student opts out of the program.



If a student gets accelerated incentive in Year Two and Three and then enters into Year Four would the student be eligible to get any incentive for acceleration?

No, the intent of the acceleration incentive is to encourage students to graduate in three years. Statute does not provide an “accelerated progress” incentive for Year Four.

For the associate degree incentive, do the students have to be associate degree students then enroll in a bachelor’s degree program?

Yes, statute states students have to earn an associate degree before entering bachelor’s program.

Can the student receive the associate degree incentive all four years?

Yes. If the student re-enters college after earning an associate degree and enrolls in a baccalaureate program, the student may be eligible for the associate degree incentive for four years. However, if a student enters with 60 credits, many of those credits may count toward the baccalaureate degree so it may be likely that the student would graduate in less than four years.

If a student takes AP classes, would that count toward the accelerated incentive?

Yes. If the student earns credit for AP courses by taking the AP exam, those credits count toward accelerated incentive. However, it will be important for students to note that some AP credits may not be accepted and placed on the student’s transcript if a student earns less than a “4” on an AP test. The credit must be reflected on the student’s transcript to count as part of the student’s credit completion for the accelerated schedule incentive. The same is true as it relates to 24/48/72 and 30/60/90.

Are all incentives limited to tuition and regularly assessed fees only like the base award?

Yes, incentives can be used toward tuition and regularly assessed fees only.

Do students still have to maintain full-time enrollment through census?

Yes. Note that there are exceptions to maintaining full-time status to be eligible for the Frank O’Bannon or 21st Century Scholars Awards:

1. The state has allowed an exception for students who are graduating to continue to receive the award without enrolling in extra credits during their last term only. According to past practice, a college could use a credit-hour calculation to calculate a partial award for the student’s last term only. Under the Annual Award system, the Commission will allow a school to claim an amount up to full tuition and fees, not to exceed the student’s annual award amount. This is in reference to the student’s degree pursuit, meaning that if the student is pursuing a bachelor’s degree, this exception would be allowed in the student’s last term of bachelor’s degree studies.
2. The state will follow the federal guidelines for “non-term” students; however, if a school has students taking courses on a “non-term” basis, that school must have their “non-term” program reconciliation approved through the Program Participation Agreement (PPA). An addendum to the current PPA will be available from the Commission.



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If a student withdrawals in the semester, should we claim an award?

If a student does a complete withdrawal prior to census in the semester, no award should be reconciled, and the award will not count against the student's future aid eligibility. If the student withdraws after census, schools should claim awards according to their refund policies and the award will count against the student's future aid eligibility.

Must we report first enrollment dates to claim awards?

The Commission requires students to demonstrate that they are truly eligible based on the first enrolled date to receive an on-time award or an accelerated incentive. If a school does not know the date a student first enrolled as a degree-seeking student or does not provide an enrollment date, our system will calculate only a full-time award for a student, regardless of the number of credit hours the student has completed.

How does a student who first received an adult student or part-time award qualify for a full-time award in a subsequent award year?

The student must meet credit completion requirements and all other Frank O'Bannon Grant eligibility requirements to receive a full-time award.

If the student starts school in the Winter Term (January) will the student have until the end of Fall Term the next year to complete the minimum number of credits or until Winter Term?

The student will have until the day before the Winter Term begins. Students will have a full 12 months from the start of the term of their first claimed award to complete the credit requirements. If Fall Term starts August 1, the student would have until July 31 to complete the coursework to meet the 24 completed credits. If Winter Term starts January 1, the student would have until December 31 to complete 24 credits.

If credits don't count toward a degree, do they count toward completion?

Yes. However, students are encouraged to follow degree maps or meet with advisors to ensure that all credits taken will count towards their degree.

When does the Credit Hour Clock start ticking?

For the 30/60/90 "on-time" and 39/78 accelerated O'Bannon Awards, the "clock starts ticking" when the student begins taking college classes as a degree-seeking student, not the point of first state financial aid award. For 24/48/72 O'Bannon Awards and for the 30/60/90 standard for 21st Century Scholars Awards, the "clock starts ticking" at the point at which the student receives his first state financial aid award.

Can students catch up across multiple aid years or only within the one year in order to stay on pace with their class?

Students can catch up across multiple years, but they will always be measured against their initial enrollment start date for an on-time award. Therefore, a student who has a total of 29 credits at the end of her first year of enrollment must complete 31 credits the following year to receive the on-time amount.

For full-time and 21st Century awards credit completion is determined on an enrollment year basis once they receive their first award. The credit hour clock only pauses when there is a break in enrollment. Therefore, if by the end of the student's first year of receiving the 21st Century Scholarship, the student has successfully



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completed only 29 credit hours, the student will not be eligible to receive the 21st Century Scholarship in the student's second year. The student may be eligible to receive the Frank O'Bannon award at the full-time rate if all eligibility requirements of Frank O'Bannon are met. The student can receive the 21st Century Scholarship again in the third year if, at the end of the second year, the student has successfully completed at least 60 credit hours. The situation is the same with full-time Frank O'Bannon, but the credit requirements are 24/48/72.

If school is term based and term starts on September 1 but the student doesn't start taking a class until November (an eight-week class), when does the student's 12 months start?

The 12 months starts when the term starts, so in this case, it would be September.

Can a student appeal SAP to the Commission?

No. Statute says SAP is "determined by the institution." If an institution makes a determination on SAP, the Commission will honor that determination.

If student's income changes during the award year, what is protocol?

This type of professional judgment is not accepted by the Commission. For purposes of state financial aid, the original EFC will be used to calculate the state financial aid award.

Will the Commission still track "units"?

Yes. We are moving from the old eligibility tracking system of 48 units to a new percentage system of a maximum of 400 (4 years) for students attending full time.

- 100 – Student has used one year of state aid
- 200 – Student has used two years of state aid
- 300 – Student has used three years of state aid
- 400 – Student has used four years of state aid
- Blank – Student has not used state aid

Exceptions:

- Partial-year usage adjustments due to appeals;
- Adjustments for partial-year awards from the old system
 - Example: a student who had accrued 28 Eligibility Units (two full years plus one quarter or trimester) through 2013-2014 began 2014-2015 with a State Aid Usage Progress value of 233.
- Part-Time students: Students who attend part-time and use part-time awards will be tracking using the following percentages. This will allow them to still use 4 years of full-time eligibility.
 - 50 – Student has used one year of part-time aid
 - 100 – Student has used two years of part-time aid (or one year of full-time aid)
 - 150 – Student has used three years of part-time aid (or one year of full-time aid and one year of part-time aid)
 - 200 – Student has used four years of part-time aid
 - 250 – Student has used five years of part-time aid
 - 300 – Student has used six years of part-time aid



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- 350 – Student has used seven years of part-time aid
- 400 – Student has used eight years of part-time aid
- National Guard Supplemental Grant/Extension Scholarship students: Students receiving the NGSG or NGES for a term will use 50 SAU for each term NGSG or NGES that is reconciled by an institution.

Which GPA should schools be using?

Statute requires schools to use the same GPA they use for SAP when reporting GPA to the Commission to determine eligibility for incentives.

Will there be any issues with classifications of academic years vs. credit hours particularly concerning reporting?

The statute defines it as “first academic year,” “second academic year,” “third academic year” and “fourth academic year” to avoid this issue. A student who comes in with 35 dual credits would still get the first year award provided the student has not received any financial aid awards previously.

If a student completed 45 credit hours before transferring to my college and only 15 of those credit hours are accepted, how many hours should be reported and how should we report them?

Although the revised Completion file calculations are designed to capture as many credits earned and reported by another institution(s) as possible, institutions should report all credits on the student’s transcript. Students will need to bear some responsibility for getting the correct amount of credit hours reported to the Commission for evaluation of aid eligibility, and will need to do so through the appeals process.

Do schools have to prorate awards for part-time students based on the number of hours in which the student is enrolled?

No. Schools may claim up to 100% of the Adult Student Grant for students during the student’s first term. This exception to the reconciliation process will allow students who plan to move from part-time enrollment (6-11 credit hours) in the first awarding term to full-time enrollment (12+ credit hours) in a subsequent term to utilize their full award. Keep in mind that the award is still an annual award, and as such, is meant to be applied over 12-months. If you first claim an Adult Student Grant for a student, they will not be eligible to receive a full-time award for the 12-month duration. The same applies to students who have a full-time award claimed first. You will not be able to claim an Adult Student Grant for those students for 12 months. Whichever award type is claimed first is the student’s award classification for the 12-month cycle. Students will need to meet the requirements for that award type to receive any remaining funds and renew grants.

For more information on financial aid reforms resulting from HEA 1348, please contact the Commission at CollegeFA@che.in.gov